

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 INRE-00 CAB-02 CIAE-00

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FM AMEMBASSY LONDON

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E.O. 11652:N/A

TAGS: EAIR, UK

SUBJ: CIVAIR - UK LETTER TO PAN AM ON HONG KONG-SYDNEY
SERVICES

1. FOLLOWING TEXT OF LETTER OF 23 SEPT TO PAN AM
PRESIDENT FROM DEPT OF TRADE: QUOTE AT A NUMBER OF MEET-
INGS THIS YEAR BETWEEN REPS OF THE UK AND THE US
GOVERNMENTS, THE OPERATIONS BY PAN AM WRLD AIRWAYS INC
ON US ROUTE 7 HAVE BEEN DISCUSSED. THE UK REOS HAVE
DRAWN THE US REOS' ATTENTION TO THE FACT THAT A CHANGE
OF GAUGE BY YR AIRLINE AT SYDNEY ON THIS ROUTE IS NOT
PERMITTED UNDER THE TERMS OF THE BERMUDA AGREEMENT AND
IS THUS AN INFRACTION OF THE TERMS OF YR OPERATING
PERMITS FOR SERVICES ON THIS ROUTE. IN ADDITION, IT WAS
POINTED OUT THAT THERE HAS BEEN A DISPROPORTIONATELY HIGH
ELEMENT OF FIFTH FREEDOM CARRIAGE ON PAN AM SERVICES ON
THIS ROUTE, PARTICULARLY IN THE UPLIFT OF TRAFFIC AT
SYDNEY FOR DISCHARGE IN HONG KONG AND VICE VERSA AND THAT
THIS WAS NOT IN ACCORDANCE WITH THE TERMS OF THE AIR
SERVICES AGREEMENT UNDER WHICH YR PERMITS WERE ISSUED.

2. DESPITE THE WILLINGNESS OF THE UK REOS TO EXPLORE
ALL POSSIBLE MEANS OF RESOLVING THIS AND OTHER PROBLEMS
ARISING UNDER THE EXISTING BILATERAL AIR SERVICES
AGREEMENT, THERE HAS BEEN NO AGREED SOLUTION SO FAR.

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THESE DIFFICULTIES HAVE BEEN COMPOUNDED BY RECENT

THREATS OF ACTION BY THE US AUTHORITIES IN CONTRAVENTION OF THE BERMUDA AGREEMENT AND AGAINST THE INTERESTS OF UK CARRIERS.

3. UNDER THE CIRCUMSTANCES I MUST INFORM YOU THAT THE DOT HAS DECIDED THAT IN THE EVENT OF A CONTINUED FAILURE TO REACH AN AGREED SOLUTION OF THE PROBLEMS REFERRED TO ABOVE, IT WILL BE NECESSARY AS WAS MADE CLEAR TO THE US AUTHORITIES ON 15 JUNE 1976 TO APPLY VARIATIONS TO THE RELEVANT OPERATING PERMITS OF PAN AM (CA2/HK/PA3 AND CA/F/PA/1 BOTH DATED 21 OCTOBER 1969) SO AS TO MAKE CLEAR THE LIMITATIONS IMPOSED ON PAN AM OPERATIONS ON US ROUTE 7. THE VARIATION WHICH IT IS PROPOSED TO PUT INTO FORCE WITH EFFECT FROM 1 OCTOBER 1976 IS AS FOLLOWS: THE INSERTION AFTER THE SCHEDULE TO PARA 2 OF PERMIT NO. CA2/HK/PA3 AND THE SCHEDULE TO PARA 1 OF PERMIT NO. CA2/F/PA/1 OF: (1) THIS PERMISSION IS GRANTED SUBJECT TO THE CONDITION THAT THERE SHALL BE NO CHANGE OF GAUGE FROM ONE TYPE OF ACFT TO ANOTHER AT ANY POINT ON THE ROUTE OTHER THAN IN THE TERRITORY OF THE UK OR THE TERRITORY OF THE USA. (11) THIS PERMISSION IS GRANTED SUBJECT TO THE CONDITION THAT NO PASSENGERS MAY BE UPLIFTED IN SYDNEY FOR DISCHARGE IN HONG KONG, AND NO PASSENGERS MAY BE UPLIFTED IN HONG KONG FOR DISCHARGE IN SYDNEY.

4. IF YOU WISH TO MAKE ANY REPRESENTATIONS CONCERNING THIS PROPOSAL OR TO PRODUCE ANY EVIDENCE YOU MAY DO SO AT ANY TIME NOT LATER THAN 28 SEPT 1976 AFTER WHICH DATE THE DEPT WILL MAKE A FINAL DECISION ON THE MATTER. YOU MAY MAKE SUCH REPRESENTATIONS IN WRITING ADDRESSED TO THIS DEPT OR ORALLY TO AN APPROPRIATE OFFICIAL OF THIS DEPT AND THE REPRESENTATIONS OR EVIDENCE MAY BE SUBMITTED IN MORE THAN ONE INSTALLMENT. END QUOTE

2. DEPT MAY WISH TO CONSIDER PROVIDING INSTRUCTIONS ON HONG KONG-SYDNEY ISSUE SO THAT THIS PROPOSED UNILATERAL ACTION MAY BE DISCUSSED WITH ROGERS AT MEETING HE WILL HAVE WITH MR. BILLER IN LONDON SEPT. 25.

ARMSTRONG

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Margaret P. Grafeld
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